

**ALLOCATION OF TOBACCO FUND MONEY TO
CHILDREN'S HEALTH INSURANCE PROGRAM**

2003 GENERAL SESSION

STATE OF UTAH

Sponsor: David L. Hogue

**This act modifies the Tobacco Settlement Restricted Account. ^h THIS ACT MODIFIES THE
REVENUE DEPOSITED INTO THE PERMANENT STATE TRUST FUND. ^h The act increases the
appropriation from the Tobacco Settlement Restricted Account to the Children's Health
Insurance Program by \$1.5 million. This act takes effect on July 1, 2003.**

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

63-97-201, as last amended by Chapter 96, Laws of Utah 2002

^h 63-97-301, as last amended by Chapter 118, Laws of Utah 2002 ^h

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63-97-201** is amended to read:

63-97-201. Creation of Tobacco Settlement Restricted Account.

(1) There is created within the General Fund a restricted account known as the
"Tobacco Settlement Restricted Account."

(2) The account shall earn interest.

(3) The account shall consist of:

(a) until July 1, **^h [2003] 2007 ^h**, 50% of all funds of every kind that are received by the
state that

are related to the settlement agreement that the state entered into with leading tobacco
manufacturers on November 23, 1998;

(b) on and after July 1, **^h [2003] 2007 ^h**, 40% of all funds of every kind that are received by
the

state that are related to the settlement agreement that the state entered into with leading tobacco
manufacturers on November 23, 1998; and

(c) interest earned on the account.

(4) To the extent that funds will be available for appropriation in a given fiscal year,
those funds shall be appropriated from the account in the following order:



(a) [~~\$5,500,000~~] \$7,000,000 to the Department of Health for the Children's Health Insurance Program created in Section 26-40-103 **h AND FOR RESTORATION OF DENTAL BENEFITS IN THE CHILDREN'S HEALTH INSURANCE PROGRAM h** ;

(b) \$4,000,000 to the Department of Health for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs that promote unified messages and make use of media outlets, including radio, newspaper, billboards, and television, and with a preference in funding given to tobacco-related programs;

(c) \$193,700 to the Administrative Office of the Courts and \$1,296,300 to the Department of Human Services for the statewide expansion of the drug court program;

(d) \$77,400 to the Board of Pardons, \$81,700 to the Department of Corrections, and \$350,900 to the Department of Human Services for a drug board pilot program;

(e) \$4,000,000 to the State Board of Regents for the University of Utah Health Sciences Center to benefit the health and well-being of Utah citizens through in-state research, treatment, and educational activities; and

(f) any remaining funds as directed by the Legislature through appropriation.

(5) (a) If tobacco funds in dispute for attorneys fees are received by the state, those funds shall be divided and deposited in accordance with Subsection (3) and Section 63-97-301.

(b) The amount appropriated from the Tobacco Settlement Restricted Account to the Department of Health for alcohol, tobacco, and other drug programs described in Subsection (4)(b), including the funding preference for tobacco-related programs, shall be increased by up to \$2,000,000 in a given fiscal year to the extent that funds in dispute for attorneys fees are available to the state for appropriation from the account.

(6) Each state agency identified in Subsection (4) shall provide an annual report on the program and activities funded under Subsection (4) to:

(a) the Health and Human Services Interim Committee no later than September 1; and

(b) the Health and Human Services Joint Appropriations Subcommittee.

h Section 2. Section 63-97-301 is amended to read:

63-97-301. Permanent state trust fund.

(1) Until July 1, [2003] 2007, 50% of all funds of every kind that are received by the state that are related to the settlement agreement that the state entered into with leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

(2) On and after July 1, [2003] 2007, 60% of all funds of every kind that are received by the state that are related to the settlement agreement that the state entered into with leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent state trust fund h

52j ~~h~~ created by and operated under Utah Constitution Article XXII, Section 4.

52k (3) Funds in the permanent state trust fund shall be deposited or invested pursuant to Section
52l 51-7-12.1.

52m (4) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and dividends
52n earned annually from the permanent state trust fund shall be deposited in the General Fund. There
52o shall be transferred on an ongoing basis from the General Fund to the permanent state trust fund
52p created under Utah Constitution Article XXII, Section 4, an amount equal to 50% of the interest and
52q dividends earned annually from the permanent state trust fund. The amount transferred into the fund
52r under this Subsection (4)(a) shall be treated as principal.

52s (b) Any annual interest or dividends earned from the permanent state trust fund that remain in
52t the General Fund after Subsection (4)(a) may be appropriated by the Legislature.

52u (c) Any realized or unrealized gains or losses on investments in the permanent state trust
52v fund shall remain in the permanent state trust fund. ~~h~~

53 Section ~~h~~ [2.] 3. ~~h~~ Effective date.

54 This act takes effect on July 1, 2003.



Legislative Review Note
as of 12-6-02 4:25 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Fiscal Note**Bill Number HB0072****Allocation of Tobacco Fund Money to Children's Health****Insurance Program***30-Jan-03**12:13 PM*

AMENDED NOTE**State Impact**

This bill increases the amount allocated to the Children's Health Insurance Program (CHIP) from \$5.5 million to \$7 million from the Tobacco Settlement Restricted Account. The increase of \$1.5 million can be matched with approximately \$6.0 million in Federal funds. For FY 2004, there are sufficient funds in the Tobacco Settlement Restricted Account to accommodate this increase and still provide the funding as outlined in the rest of 63-97-201. Beyond FY 2005, the proposed increase will negatively impact those agencies receiving appropriations at the end of the list.

	<u>FY 04 Approp.</u>	<u>FY 05 Approp.</u>	<u>FY 04 Revenue</u>	<u>FY 05 Revenue</u>
Federal Funds	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
GF Restricted	\$1,500,000	\$1,500,000	\$0	\$0
TOTAL	<u>\$7,500,000</u>	<u>\$7,500,000</u>	<u>\$6,000,000</u>	<u>\$6,000,000</u>

Individual and Business Impact

Increasing the funding to the CHIP will allow the coverage of approximately 6,500 additional children at the current benefit levels.

Office of the Legislative Fiscal Analyst